

**STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769**

EXAMINATION REPORT

OF

TOWN OF CORYDON

HARRISON COUNTY, INDIANA

January 1, 2005 to December 31, 2006



FILED
06/19/2007

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Janet L. Frederick	01-01-04 to 12-31-07
President of the Town Council	Fred K. Cammack	01-01-05 to 12-31-07
Superintendent of Water Utility	Walter D. Smith	01-01-05 to 12-31-07
Superintendent of Wastewater Utility	L. Keith Smith Larry J. Fessel	01-01-05 to 01-30-07 01-31-07 to 12-31-07



STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF CORYDON, HARRISON COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Corydon (Town), for the period of January 1, 2005 to December 31, 2006. The Town's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial information presented herein and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the Town for the years ended December 31, 2005 and 2006, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Long-Term Debt, as listed in the Table of Contents, is presented for additional analysis and is not a required part of the basic financial information. It has not been subjected to the examination procedures applied to the basic financial information, and accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

May 2, 2007

TOWN OF CORYDON
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, PROPRIETARY AND FIDUCIARY FUND TYPES
As Of And For The Years Ended December 31, 2005 And 2006

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 480,744	\$ 740,369	\$ 809,539	\$ 411,574
Motor Vehicle Highway	37,670	113,232	90,872	60,030
Local Road and Street	46,217	47,013	24,374	68,856
Law Enforcement Continuing Education	5,376	1,550	3,721	3,205
Riverboat	607,575	354,056	141,470	820,161
Rainy Day	71,294	-	-	71,294
Donations	5,725	1,000	725	6,000
Flags Over Corydon	10,549	511	1,548	9,512
Tree Project	12,233	-	-	12,233
D.A.R.E.	993	200	700	493
Cemetery	34,465	85,937	87,348	33,054
Parking Meter	35,367	2,051	-	37,418
Criminal Justice Grant	945	2	465	482
Main Street Grant	-	69,720	69,720	-
Cumulative Capital Improvement	131,726	8,393	-	140,119
Economic Development Income Tax	69,370	106,349	2,482	173,237
Proprietary Funds:				
Water Utility - Operating	110,050	1,100,679	1,100,679	110,050
Water Utility - Bond and Interest	380,416	288,744	282,692	386,468
Water Utility - Improvement	2,835,338	233,817	7,545	3,061,610
Water Utility - Customer Deposit	41,147	12,015	12,054	41,108
Wastewater Utility - Operating	105,300	1,158,524	1,158,524	105,300
Wastewater Utility - Bond and Interest	249,830	297,149	301,505	245,474
Wastewater Utility - Improvement	2,759,058	162,959	60,814	2,861,203
Wastewater Utility - Customer Deposit	2,901	500	500	2,901
Fiduciary Fund:				
Payroll	45,275	1,350,384	1,353,468	42,191
Totals	<u>\$ 8,079,564</u>	<u>\$ 6,135,154</u>	<u>\$ 5,510,745</u>	<u>\$ 8,703,973</u>
	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
General	\$ 411,574	\$ 819,229	\$ 749,351	\$ 481,452
Motor Vehicle Highway	60,030	129,836	99,073	90,793
Local Road and Street	68,856	46,565	26,205	89,216
Law Enforcement Continuing Education	3,205	1,740	1,374	3,571
Riverboat	820,161	354,206	215,126	959,241
Rainy Day	71,294	-	-	71,294
Donations	6,000	2,170	828	7,342
Flags	9,512	172	135	9,549
Tree	12,233	-	754	11,479
Dare	493	-	108	385
Cemetery	33,054	80,768	86,155	27,667
Parking Meter	37,418	2,147	-	39,565
Criminal Justice Grant	482	2	-	484
Main Street Grant	-	43,756	43,737	19
Keller Project Grant	-	79,197	-	79,197
Cumulative Capital Improvement	140,119	9,699	-	149,818
Economic Development Income Tax	173,237	113,305	-	286,542
Proprietary Funds:				
Water Utility - Operating	110,050	1,147,825	1,147,825	110,050
Water Utility - Bond and Interest	386,468	313,237	284,190	415,515
Water Utility - Improvement	3,061,610	254,153	18,918	3,296,845
Water Utility - Customer Deposit	41,108	11,550	7,737	44,921
Wastewater Utility - Operating	105,300	1,234,130	1,234,130	105,300
Wastewater Utility - Bond and Interest	245,474	302,668	301,835	246,307
Wastewater Utility - Improvement	2,861,203	241,845	243,618	2,859,430
Wastewater Utility - Customer Deposit	2,901	435	400	2,936
Fiduciary Fund:				
Payroll	42,191	1,383,764	1,380,785	45,170
Totals	<u>\$ 8,703,973</u>	<u>\$ 6,572,399</u>	<u>\$ 5,842,284</u>	<u>\$ 9,434,088</u>

The accompanying notes are an integral part of the schedules.

TOWN OF CORYDON
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The Town was established under the laws of the State of Indiana. The Town provides the following services: public safety, highway and streets, public improvements, planning and zoning, general administrative services, water, wastewater, and urban redevelopment.

Note 2. Fund Accounting

The Town uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied or highway use taxes are received are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the Town in June and December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the Town on or prior to December 31 of the year collected.

Note 5. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were entirely insured by the Federal Depositary Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statute (IC 5-13-9) authorizes the Town to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

TOWN OF CORYDON
NOTES TO FINANCIAL INFORMATION
(Continued)

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

The Town contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system, and give the Town authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of PERF.

TOWN OF CORYDON
SUPPLEMENTARY INFORMATION
SCHEDULE OF LONG-TERM DEBT

For The Year Ended December 31, 2006

Description of Asset	Ending Balance	Due Within One Year
Business-type Activities:		
Water Utility		
Revenue bonds:		
2001 Waterworks refunding	\$ 1,585,000	\$ 215,000
Wastewater Utility		
Revenue bonds:		
2004 Wastewater refunding	1,265,000	270,000
Total business-type activities long-term debt	\$ 2,850,000	\$ 485,000

TOWN OF CORYDON EXAMINATION RESULTS AND COMMENTS

LIST OF EMPLOYEES NOT FILED WITH COUNTY TREASURER

Some officials or employees of the Town had money due from the Town, but a list of such employees was not certified to the County Treasurer in 2005 or 2006.

Indiana Code 6-1.1-22-14(a) states, in part: "On or before June 1 and December 1 of each year . . . the disbursing officer of each political subdivision . . . shall certify the names and addresses of each person who has money due from the political subdivision to the treasurer of each county in which the political subdivision is located."

OFFICIAL BONDS

Official bonds were not filed in the Office of the County Recorder for all of the Town's Deputy Marshalls.

Indiana Code 5-4-1-5.1(b) states in part: "Every elected or appointed officer, official, deputy, or employee of a political subdivision . . . shall file the bond in the office of the county recorder. . . ."

SERVICE AND TIME RECORDS

Employee time, attendance, or service records were not maintained for all Town and Utility employees.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CAPITAL ASSET RECORDS

Information presented for audit indicates the Town does not maintain sufficient detail records of capital assets. Also, the Utilities do not maintain sufficient detailed records of capital assets for Utility Plant in Service. Upon purchase, the costs of the capital assets are added to an aggregate Utility Plant in Service account, and to subsidiary accounts for land, buildings, etc., in the General Ledger. However, records providing historical costs for some of the Utilities' capital assets are not available, and records classifying and summarizing the Utilities' capital assets are incomplete. Deletions or disposals of capital assets are not recorded.

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded in the Capital Assets Ledger form. A complete inventory should be taken every year for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF CORYDON
EXAMINATION RESULTS AND COMMENTS
(Continued)

PENALTIES, INTEREST AND OTHER CHARGES

Gross income taxes of \$37,763, for the years 2000, 2001, and 2002, were not paid by the Water Utility until March 8, 2007. Penalty and interest charges in the amount of \$3,834 and \$8,618, respectively, were assessed by the Indiana Department of Revenue for the failure of the Utility to remit these taxes timely. The Utility paid interest charges of \$8,618 on March 8, 2007; however, the penalties remain unpaid. Officials stated they have filed a written request with the Indiana Department of Revenue to have these penalties waived and are waiting for a response.

Utility receipt taxes of \$44,907, for the years 2003, 2004, and 2005, were not paid by the Water Utility until March 8, 2007. Penalty and interest charges in the amount of \$4,491 and \$3,220, respectively, were assessed by the Indiana Department of Revenue for the failure of the Utility to remit these taxes timely. The Utility paid interest charges of \$3,220 on March 8, 2007; however, the penalties remain unpaid. Officials stated they have filed a written request with the Indiana Department of Revenue to have these penalties waived and are waiting for a response.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit.

Additionally officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit.

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee.

(Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

ORDINANCES AND RESOLUTIONS

Revenue Bond Ordinance 2001-WAT-1, which governs the \$2,615,000 Waterworks Refunding Bonds of 2001, requires semiannual principal and interest payments to be made in accordance with the amortization schedule. During the examination period, the Water Utility did not pay principal and interest payments to the paying agent in accordance with the amortization schedule. The paying agent billed and the Utility paid \$4,145 more in interest than was provided in the amortization schedule. The additional interest expense incurred is a result of the paying agent billing and the Utility subsequently paying the principal portion due on an annual basis instead of on a semiannual basis as noted on the amortization schedule.

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

DELINQUENT WASTEWATER ACCOUNTS

Delinquent wastewater fees and penalties had not been recorded with the County Recorder nor were they certified to the County Auditor which would result in a lien against the property.

TOWN OF CORYDON
EXAMINATION RESULTS AND COMMENTS
(Continued)

Indiana Code 36-9-23-33 states in part:

"(b) Except as provided in subsection (l), the officer charged with the collection of fees and penalties assessed under this chapter shall enforce their payment. As often as the officer determines is necessary in a calendar year, the officer shall prepare either of the following:

- (1) A list of the delinquent fees and penalties that are enforceable under this section, which must include the following:
 - (A) The name or names of the owner or owners of each lot or parcel of real property on which fees are delinquent.
 - (B) A description of the premises, as shown by the records of the county auditor.
 - (C) The amount of the delinquent fees, together with the penalty.
- (2) An individual instrument for each lot or parcel of real property on which the fees are delinquent."

"(c) The officer shall record a copy of each list or each individual instrument with the county recorder. . . ."

"(e) Using the lists and instruments prepared under subsection (b) and recorded under subsection (c), the officer shall, not later than ten (10) days after the list or each individual instrument is recorded under subsection (c), certify to the county auditor a list of the liens that remain unpaid for collection in the next May. . . ."

TOWN OF CORYDON
EXIT CONFERENCE

The contents of this report were discussed on May 2, 2007, with Janet L. Frederick, Clerk-Treasurer; and Fred K. Cammack, President of the Town Council. The officials concurred with our findings.